

Auditing Procedures Report

[Instructions and MuniCodes](#)

* = Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Iron River Township	County* IRON	Type* TOWNSHIP	MuniCode* 36-1-040
Opinion Date-Use Calendar* Sep 8, 2008	Audit Submitted-Use Calendar* Sep 8, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ?	\$ 330,889.00
General Fund Expenditure:	<input type="checkbox"/> ?	\$ 199,923.00
Major Fund Deficit Amount:		\$ 0.00

General Fund Balance:	<input type="checkbox"/> ?	\$ 1,157,425.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ?	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Dianne	Last Name* Rostagno	Ten Digit License Number* 1101021859		
CPA Street Address* 101West Maple Street	City* Iron River	State* MI	Zip Code* 49935	Telephone* +1 (906) 265-1040
CPA Firm Name* DS Rostagno CPA P.C.	Unit's Street Address* 102 McNutt Road	Unit's City* Iron River	Unit's Zip* 49935	

IRON RIVER TOWNSHIP

**Financial Report
With Supplemental Information
Prepared in Accordance with GASB 34**

MARCH 31, 2008

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INDEPENDENT AUDITOR'S REPORT

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

Board of Trustees
Iron River Township
102 McNutt Road
Iron River, Michigan 49935

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of **Iron River Township**, as of and for the fiscal year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

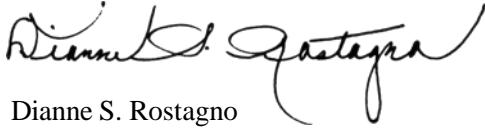
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and the standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Trustees, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **Iron River Township** at March 31, 2008, and the respective changes in financial position and cash flows thereof for the fiscal year ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 08, 2008 on our consideration of **Iron River Township's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 8 through 20 and the budgetary comparison information are not required parts of the basic financial statements but are supplemental information required by the *Governmental Accounting Standards Board* and by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of the inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Iron River Township's** basic financial statements. The combining and individual fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinions, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno", written in a cursive style.

Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

September 08, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

PHONE: 906/265-3403

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The management of **Iron River Township** provides this narrative overview and analysis of the financial activities of **Iron River Township** for the fiscal year ended March 31, 2008. As readers, you are encouraged to read this discussion and analysis in conjunction with the Township's financial statement information included in this report.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The financial section of this report includes management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are mainly supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Township include general government, legislative, public safety, public works, cemetery, Township property, parks and recreation. The business-type activities of the Township are the Water and Sewer utility services.

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Fund Financial Statements

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spend-able resources, as well as on balances of spend-able resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains four governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be a major fund. The cemetery operation fund is also classified as a major fund. The liquor law enforcement fund and the cemetery perpetual care fund (classified as a permanent fund) are non-major governmental funds. Individual fund data for each fund is presented separately in the "Other Supplementary Information" section of this report.

The Township adopts an annual budget for its general and other special revenue funds. To demonstrate compliance with this budget, budgetary comparison statements have been provided for the general and the cemetery operation funds (the Township's major governmental funds) which are included in the "Required Supplementary Information" section of this document.

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Proprietary Funds

Proprietary Funds provide services for which the Township charges customers a fee. The Township has only one type of proprietary fund - enterprise funds. The enterprise funds of the Township are used to report the same functions as the business-type activities in the government-wide financial statements. The Water and the Sewer Utility funds are presented separately in both the government-wide financial statements and the fund financial statements and both are considered major funds. Enterprise funds are used to account for operations very similar to business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary fund for the Township is the Tax Collection Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

Notes to the Financial Statements

Notes to the financial statements are included in the basic financial statements, and provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements.

Supplementary Information

Required supplementary information follows the basic financial statements, and includes budgetary comparison schedules for the general fund and the cemetery operation fund (the only major governmental funds) as presented in the governmental fund financial statements.

A separate financial statement for the Township's non-major governmental funds is also included in the Other Supplementary Information section of this document.

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Government-wide Financial Analysis

In time, net assets of a governmental entity may serve as a useful indicator of the government's financial position. In the case of the Township, assets exceeded liabilities by \$3,991,253 at March 31.

By far, the largest portion of the Township's net assets is its investment in capital assets (land, buildings, machinery, and equipment), less any outstanding debt related to acquiring the asset. These capital assets are used to provide services to citizens and are not available for future spending. The Township had outstanding debt at March 31, 2008 in the amount of \$618,275; hence, the Township reported \$2,095,726 in net assets invested in capital assets, net of related debt.

External restrictions of the Township's net assets represent resources subject to existing external obligations or programmatic control on future use. The remaining balance of unrestricted net assets of \$1,569,472 may be used to meet the government's ongoing obligations to citizens and creditors.

Total net assets in excess of liabilities at March 31 for the governmental activities and business-type activities were \$1,410,705 and \$2,580,588, respectively.

Following is a comparative summary of net assets at fiscal years ended March 31, 2008 and March 31, 2007:

	March 31, 2008		
	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<u>Assets</u>			
Current and other assets	\$ 1343998	\$ 555333	\$ 1899331
Capital assets, net	<u>68959</u>	<u>2645042</u>	<u>2714001</u>
Total Assets	\$ 1412957	\$ 3200375	\$ 4613332

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Government-wide Financial Analysis (Continued)

March 31, 2008			
Primary Government			
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
<u>Liabilities</u>			
Long-term liabilities	\$ 0	\$ 588275	\$ 588275
Other liabilities	<u>2252</u>	<u>31512</u>	<u>33764</u>
Total Liabilities	2252	619787	622039
<u>Net Assets</u>			
Invested in capital assets, net of related debt	68959	2026767	2095726
Restricted	184321	0	184321
Designated	0	141774	141774
Unrestricted, Undesignated	<u>1157425</u>	<u>412047</u>	<u>1569472</u>
Total Net Assets	\$ 1410705	\$ 2580588	\$ 3991293

March 31, 2007			
Primary Government			
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
<u>Assets</u>			
Current and other assets	\$ 1197349	\$ 336136	\$ 1533485
Capital asset, net	<u>66314</u>	<u>2213980</u>	<u>2280294</u>
Total Assets	\$ 1263663	\$ 2550116	\$ 3813779
<u>Liabilities</u>			
Long-term liabilities	0		0
Other liabilities	<u>2065</u>	<u>20074</u>	<u>22139</u>
Total Liabilities	\$ 2065	\$ 20074	\$ 22139

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Government-wide Financial Analysis (Continued)

March 31, 2007			
Primary Government			
	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<u>Net Assets</u>			
Invested in capital assets, net			
of related debt	\$ 66314	\$ 2213980	\$ 2280294
Restricted	179927	0	179927
Designated	0	132214	132214
Unrestricted	<u>1015357</u>	<u>183848</u>	<u>1199205</u>
Total Net Assets	\$ 1261598	\$ 2530042	\$ 3791640

For governmental activities, net assets increased by \$149,107 during the 2007-2008 fiscal year. For business-type activities, net assets increased by \$50,546 during the fiscal year.

The following represents the comparative changes in net assets for both governmental and business-type activities for the fiscal years ended March 31, 2008 and March 31, 2007:

March 31, 2008			
Primary Government			
	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<u>REVENUES</u>			
<i>Program Revenues</i>			
Charges for services	\$ 47341	\$ 335989	\$ 383330
Operating grants/ contributions	25121	0	25121
<i>General Revenues</i>			
Property taxes	139284	0	139284
Other taxes and fees	22131	0	22131
Unrestricted grants	89364	0	89364
Other	<u>62149</u>	<u>16533</u>	<u>78682</u>
Total Revenues	\$ 385390	\$ 352522	\$ 737912

IRON RIVER TOWNSHIP

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Government-wide Financial Analysis (Continued)

	March 31, 2008		
	Primary Government		
	Governmental	Business-type	Total
<u>EXPENSES</u>	<u>Activities</u>	<u>Activities</u>	
General government	\$ 108886	\$ 0	\$ 108886
Legislative	18789		18789
Township property	35995	0	35995
Public safety	19533	0	19533
Public works	16553	0	16553
Cemetery	30972		30972
Parks and recreation	700		700
Depreciation	<u>4855</u>	<u>0</u>	<u>4855</u>
Total governmental expenses	\$ 236283	\$ 0	\$ 236283
<u>Business-type activities</u>			
Water	0	133163	133163
Sewer	<u>0</u>	<u>168813</u>	<u>168813</u>
Total business-type expenses	0	301976	301976
TOTAL EXPENSES	\$ 236283	\$ 301976	\$ 538259
Increase (Decrease) in net assets before transfers	149107	50546	199653
Transfers – net	<u>0</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in net assets	149107	50546	199653
Net Assets, beginning of year	1261598	2530042	3791640
Net Assets, end of year	\$ 1410705	\$ 2580588	\$ 3991293

IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

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Government-wide Financial Analysis (Continued)

	March 31, 2007		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<u>REVENUES</u>			
<i>Program Revenues</i>			
Charges for services	\$ 57552	\$ 282199	\$ 339751
Operating grants/contributions	25901	0	25901
<i>General Revenues</i>			
Property taxes	135051	0	135051
Other taxes and fees	21249		21249
Unrestricted grants	88440		88440
Other	<u>47199</u>	<u>13741</u>	<u>60940</u>
Total Revenues	\$ 375392	\$ 295940	\$ 671332
<u>EXPENSES</u>			
General government	\$ 97134	\$ 0	\$ 97134
Legislative	16270		16270
Township property	38746	0	38746
Public safety	20343		20343
Public works	17862	0	17862
Cemetery	33252		33252
Parks and recreation	1809		1809
Depreciation	<u>4267</u>	<u>0</u>	<u>4267</u>
Total governmental expenses	\$ 229683	\$ 0	\$ 229683
<u>Business-type activities</u>			
Water	0	111123	111123
Sewer	<u>0</u>	<u>140809</u>	<u>140809</u>
Total business-type expenses	0	251932	251932
TOTAL EXPENSES	\$ 229683	\$ 251932	\$ 481615

IRON RIVER TOWNSHIP

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Government-wide Financial Analysis (Continued)

	March 31, 2007		
	Primary Government		
	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Increase (Decrease) in Net Assets	\$ 145709	\$ 44008	\$ 189717
Net Assets, beginning of year	1115889	2486034	3601923
Net Assets, end of year	\$ <u>1261598</u>	\$ <u>2530042</u>	\$ <u>3791640</u>

Governmental Activities

Property taxes and other tax revenues comprise \$161,415 or approximately 42 percent of total governmental revenues.

The Township also collected \$47,341 for services provided. And, at fiscal year-end, the Township reported \$89,364 in grants and contributions not restricted for specific programs. This amount was due entirely to the State of Michigan's state sales tax distribution and comprises approximately 24 percent of total governmental revenues.

The Township expended \$236,283 on governmental programs and services. Some of the largest expense categories were for general government, where \$108,886, or 46 percent of total governmental expenditures were reported. Public works expenditures were \$16,553, or 7 percent of total governmental expenditures. A total of \$35,995 was expended on the maintenance of Township property.

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Business-type Activities

Business-type activities increased the Township's net assets by \$50,546. Charges for services for the Water and Sewer activities for the year ended were \$182,609 and \$153,380, respectively. Total expenses for the Water and Sewer activities for the year ended were \$133,163 and \$168,813, respectively.

Financial Analysis of the Governmental Funds

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. This information is useful in assessing the Township's financing requirements.

In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Township's governmental funds reported combined ending fund balances of \$1,341,746, of which \$184,321 is reserved and the remaining \$1,157,425 is available for spending at the government's discretion.

The Township primary governmental fund is its general fund. There are no reservations in the general fund's fund balance.

On the budgetary basis of accounting, the Township ended the fiscal year with revenues greater than the original or final projection. Total expenditures for the General Fund were more than the original but less than the final projection. At fiscal year-end, the fund balance was higher than either the original or the final amended budget projections.

Revenues – Budget vs Actual for Fiscal Year Ended March 31, 2008

	Revenues Original Budget	Revenues Final Budget	Revenues Final Actual	Revenues Variance Actual vs Original Budget	Revenues Variance Actual vs Final Budget
General Fund	\$ 289776	\$ 279853	\$ 341991	\$ 52215	\$ 62138
Cemetery Fund	\$ 38746	\$ 44021	\$ 34298	\$ (4448)	\$ (9723)

IRON RIVER TOWNSHIP

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Governmental Funds (Continued)

Expenditures – Budget vs Actual for Fiscal Year Ended March 31, 2008

	Expenditures Original Budget	Expenditures Final Budget	Expenditures Final Actual	Expenditures Variance Actual vs Original Budget	Expenditures Variance Actual vs Final Budget
General Fund	\$ 194297	\$ 232775	\$ 199923	\$ (5626)	\$ 32852
Cemetery Fund	\$ 38746	\$ 40400	\$ 38322	\$ 424	\$ 2078

General fund financial and budgetary highlights of the fiscal year include:

- * Use of money and property exceeded final budgetary projections by \$25,543.
- * Intergovernmental funding was up from the final amended budget, coming in at \$113,962, which exceeds by \$129,300 the final budgeted estimate of \$84,662.
- * Expenditures in total for the general fund were \$199,923, less than the final amended budget of \$232,775 by \$32,852. This was due to the fact that expenditures for all Township activities were slightly less than the amounts appropriated for these purposes.

Cemetery operating fund budgetary highlights were as follows:

- * Revenues received from grave openings, sale of lots and vault rental were all considerably less than amounts reflected on both the original and the final amended budget.
- * Expenditures were very close to the amounts originally budgeted, but slightly lower than the final amended budget estimates.

IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

PHONE: 906/265-3403

FAX: 906/265-3413

Proprietary Funds

The Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted and undesignated net assets of the Water Fund at year-end were \$ 199,296; \$274,522 of Township equity in the Water Fund was invested in capital assets net of related debt, and \$141,774 was designated for water system improvements. Total net assets in the Water Fund on March 31 was \$ 615,592. The change in nets assets was a gain of \$61,727.

Unrestricted and undesignated net assets of the Sewer Fund at year-end were \$212,751. An additional \$1,752,245 was invested in capital assets, bringing the total net assets of the Sewer Fund to \$1,964,996. The change in net assets was a loss of \$11,181.

Capital Assets and Debt Administration

Capital Assets

The Township's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of March 31 was \$ 2,645,042. The investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, and licensed vehicles.

Infrastructure assets represent \$2,885,738 or approximately 74 percent of the estimated original cost of total assets. All infrastructure is accounted for in the Water, Sewer, and Cemetery Funds. There is no infrastructure attributed to the General Fund.

Major capital events during the current fiscal year included:

- * Near completion was the 2007 water infrastructure improvement project, which consisted of a new well and well house, electrical and control system improvements, a backup generator, transmission lines and water main along the Gibbs City Road, together with related sites, equipment, structures, attachments, and appurtenances.

IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

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Priorities for the 2008-2009 fiscal year include:

*Completion and closeout of the 2007 water system infrastructure improvement project and improvements to additional water lines

*Water tank restoration

Long-term debt

As of March 31, the Township (including the enterprise funds) had revenue bonds outstanding in the amount of \$618,275.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. Since the Township has no general obligation debt, this is not currently a concern to the Township.

Other Economic Factors and Next Year's Budget

Economic Factors

Despite economic uncertainties, the Township will continue to strive to provide good social and cultural conditions that support healthy families, and maintain a safe and clean community in which to live.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor
Iron River Township
102 McNutt Road
Iron River, Michigan 49935

BASIC FINANCIAL STATEMENTS

IRON RIVER TOWNSHIP

STATEMENT OF NET ASSETS

MARCH 31, 2008

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
<u>ASSETS</u>	<u>Activities</u>	<u>Activities</u>	<u>Reporting Entity</u>
<u>Current Assets</u>			
Cash and Investments (Note C)	\$ 1,184,100	\$ 407,494	\$ 1,591,594
Receivables			
Taxes	14,219	-	14,219
Accounts Receivable	-	6,065	6,065
Due from External Parties	5,004	-	5,004
Internal Balances	-	-	-
Total Current Assets	<u>1,203,323</u>	<u>413,559</u>	<u>1,616,882</u>
<u>Noncurrent Assets</u>			
Designated Cash and Investments	-	141,774	141,774
Restricted Cash and Investments	140,675	-	140,675
Capital Assets, Net (Note H)	<u>68,959</u>	<u>2,645,042</u>	<u>2,714,001</u>
Total Noncurrent Assets	<u>209,634</u>	<u>2,786,816</u>	<u>2,996,450</u>
TOTAL ASSETS	\$ 1,412,957	\$ 3,200,375	\$ 4,613,332
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	-	1,512	1,512
Accrued Salaries and Benefits	2,027	-	2,027
Deferred Revenue	225	-	225
Current Portion of Long-Term Debt	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Total Current Liabilities	<u>2,252</u>	<u>31,512</u>	<u>33,764</u>
<u>Noncurrent Liabilities</u>			
Bonds/Notes Payable-Long Term (Note I)	-	588,275	588,275
Compensated Absences Payable	-	-	-
Long-term Employee Benefits Payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>-</u>	<u>588,275</u>	<u>588,275</u>
TOTAL LIABILITIES	2,252	619,787	622,039
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	68,959	2,026,767	2,095,726
Restricted for Cemetery Operations	84,467	-	84,467
Restricted for Cemetery Perpetual Care	98,456	-	98,456
Restricted for Liquor Law Enforcement	1,398	-	1,398
Designated for Water System Improvements	-	141,774	141,774
Unrestricted and Undesignated	<u>1,157,425</u>	<u>412,047</u>	<u>1,569,472</u>
TOTAL NET ASSETS	<u>\$ 1,410,705</u>	<u>\$ 2,580,588</u>	<u>\$ 3,991,293</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED MARCH 31, 2008

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants</u>
Primary Government -				
General government	\$ 108,886	\$ 6,722	\$ -	\$ -
Legislative	18,789			
Township property	35,995	425		
Public safety	19,533	75	523	
Public works	16,553		24,598	
Cemetery	30,972	40,119		
Parks and recreation	700			
Depreciation (Unallocated)	4,855			-
Total Governmental Activities	\$ 236,283	\$ 47,341	\$ 25,121	\$ -
<u>Business-type Activities</u>				
Water Utility	133,163	182,609		
Sewer Utility	168,813	153,380		
Total Business-type Activities	\$ 301,976	\$ 335,989		

General Revenues:

Taxes:

 Property taxes levied for general operations

 Other taxes and fees

State Sales Tax Distribution

Interest and Investment Earnings

Other

Total General Revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

IRON RIVER TOWNSHIP

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED MARCH 31, 2008

***Net (Expense) Revenue and Changes
in Net Assets***

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (102,164)	\$ -	\$ (102,164)
(18,789)		(18,789)
(35,570)	-	(35,570)
(18,935)		(18,935)
8,045	-	8,045
9,147		9,147
(700)	-	(700)
<u>(4,855)</u>		<u>(4,855)</u>
\$ (163,821)	\$ -	\$ (163,821)
	49,446	49,446
	<u>(15,433)</u>	<u>(15,433)</u>
	\$ 34,013	\$ 34,013
139,284	-	139,284
22,131	-	22,131
89,364	-	89,364
55,300	16,533	71,833
<u>6,849</u>	<u>-</u>	<u>6,849</u>
<u>312,928</u>	<u>16,533</u>	<u>329,461</u>
 149,107	 50,546	 199,653
 1,261,598	 2,530,042	 3,791,640
 <u>\$ 1,410,705</u>	 <u>\$ 2,580,588</u>	 <u>\$ 3,991,293</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

MARCH 31, 2008

	<u>General Fund</u>	<u>Cemetery Operating Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Investments (Note C)				
Unrestricted	\$ 1,140,454	\$ 42,248	\$ 1,398	\$ 1,184,100
Restricted	-	-	140,675	140,675
Receivables:				-
Taxes	14,219	-	-	14,219
Accounts Receivable	-	-	-	-
Due from Other Funds	5,004	-	-	5,004
TOTAL ASSETS	<u>\$ 1,159,677</u>	<u>\$ 42,248</u>	<u>\$ 142,073</u>	<u>\$ 1,343,998</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Deposits	225	-	-	225
Accrued Taxes and Benefits	2,027	-	-	2,027
Accounts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	2,252	-	-	2,252
<u>FUND BALANCES</u>				
Reserved for Cemetery Operations	-	42,248	42,219	84,467
Reserved for Cemetery Perpetual Care	-	-	98,456	98,456
Reserved for Liquor Law Enforcement	-	-	1,398	1,398
Unreserved and Undesignated	1,157,425	-	-	1,157,425
TOTAL FUND BALANCES	1,157,425	42,248	142,073	1,341,746
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,159,677</u>	<u>\$ 42,248</u>	<u>\$ 142,073</u>	<u>\$ 1,343,998</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

GOVERNMENTAL FUNDS

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

MARCH 31, 2008

Fund Balances - Total Governmental Funds	\$ 1,341,746
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

The cost of capital assets is:	369,575
Accumulated depreciation is:	(300,616)

Long term liabilities are not due and payable in the current period and are not reported in the funds:

Bonds Payable	-
Compensated Absences	-

Other long term assets not available to pay current period expenditures therefore deferred in the funds

-

Accrued interest is not included as a liability in governmental funds

-

Total Net Assets - Governmental Activities	<u><u>\$ 1,410,705</u></u>
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The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES**

FISCAL YEAR ENDED MARCH 31, 2008

	General Fund	Cemetery Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenue</u>				
General Property taxes	\$ 139,284	\$ -	\$ -	\$ 139,284
Other local taxes	3,664	-	-	3,664
Penalties, interest, and fees- taxes	18,467	-	-	18,467
Licenses, permits, and fines	1,115	-	-	1,115
Sale of property	-	4,950	-	4,950
Use of money and property	41,941	2,398	6,499	50,838
Charges for services	5,607	26,875	75	32,557
Miscellaneous	6,849	75	-	6,924
Intergovernmental	113,962	-	523	114,485
Total Revenue	\$ 330,889	\$ 34,298	\$ 7,097	\$ 372,284
<u>Expenditures</u>				
Current Operating:				
General government	108,886	-	-	108,886
Legislative	18,789	-	-	18,789
Township property	35,995	-	-	35,995
Public safety	19,000	-	533	19,533
Public works	16,553	-	-	16,553
Cemetery	-	30,822	150	30,972
Parks and recreation	700	-	-	700
Capital Outlay	-	7,500	-	7,500
Intergovernmental Payments	-	-	-	-
Total Expenditures	199,923	38,322	683	238,928
Excess (Deficiency) of Revenues Over Expenditures	130,966	(4,024)	6,414	133,356
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Gain (loss) on investments	11,102	-	2,004	13,106
Total Other Financing Sources(Uses)	11,102	-	2,004	13,106
Net Change in Fund Balances	142,068	(4,024)	8,418	146,462
Fund Balances - Beginning of Year	1,015,357	46,272	133,655	1,195,284
Fund Balances - End of Year	\$ 1,157,425	\$ 42,248	\$ 142,073	\$ 1,341,746

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED MARCH 31, 2008

Net Change in Fund Balances - Total Governmental Funds **\$ 146,462**

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures; in
the statement of activities, these costs are allocated over their
estimated useful lives as depreciation.

Depreciation Expense	(4,855)
Capital Outlay	<u>7,500</u>

Total	2,645
-------	-------

Revenue reported in the statement of activities that does not provide current financial resources and are not reported as revenue in the governmental funds	-
---	---

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	-
---	---

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt)	-
---	---

Increases Decreases in compensated absences are reported as expenditures when financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6	-
---	---

Change in Net Assets of Governmental Activities **\$ 149,107**

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF FUND NET ASSETS – ENTERPRISE FUNDS

MARCH 31, 2008

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Enterprise Funds</u>
<u>ASSETS</u>			
Current Assets:			
Cash, unrestricted	\$ 199,430	\$ 208,064	\$ 407,494
Receivables, net			-
Accounts	622	5,443	6,065
Internal Balances	-	-	-
Total Current Assets	200,052	213,507	413,559
Noncurrent Assets:			
Designated cash and investments	141,774	-	141,774
Capital Assets:			
Buildings	20,949	-	20,949
Equipment	224,824	58,961	283,785
Infrastructure	22,500	2,830,907	2,853,407
Construction in progress	781,452	-	781,452
Less:			
Allowance for depreciation	(156,928)	(1,137,623)	(1,294,551)
Total Capital Assets, Net	892,797	1,752,245	2,645,042
Total Noncurrent Assets	1,034,571	1,752,245	2,786,816
TOTAL ASSETS	\$ 1,234,623	\$ 1,965,752	\$ 3,200,375
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	756	756	1,512
Current portion of long-term debt	30,000	-	30,000
Total Current Liabilities	30,756	756	31,512
Noncurrent Liabilities:			
Bonds/Notes Payable-Long Term	588,275	-	588,275
Total Noncurrent Liabilities	588,275	-	588,275
TOTAL LIABILITIES	619,031	756	619,787
<u>NET ASSETS</u>			
Invested in capital assets, net			
of related debt	274,522	1,752,245	2,026,767
Unrestricted, Designated	141,774	-	141,774
Unrestricted, Undesignated	199,296	212,751	412,047
TOTAL NET ASSETS	\$ 615,592	\$ 1,964,996	\$ 2,580,588

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS –
ENTERPRISE FUNDS**

FISCAL YEAR ENDED MARCH 31, 2008

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<u>OPERATING REVENUE</u>			
Charges for Services	\$ 177,153	\$ 138,688	\$ 315,841
Penalties and Late Fees	5,014	2,913	7,927
Other Income	442	11,779	12,221
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUE	182,609	153,380	335,989
<u>OPERATING EXPENSES</u>			
Personal Services and Benefits	46,636	11,539	58,175
Contractual Services	147	86,946	87,093
Repairs and Maintenance	7,603	4,519	12,122
Other Supplies and Expenses	37,562	6,768	44,330
Administrative Expenses	1,472	654	2,126
Depreciation	10,369	58,374	68,743
Miscellaneous	-	13	13
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	103,789	168,813	272,602
Operating Profit (Loss)	78,820	(15,433)	63,387
<u>NON-OPERATING INCOME</u>			
Interest Income	8,898	4,252	13,150
Gain on Investments	3,383	-	3,383
<u>NON-OPERATING EXPENSES</u>			
Interest Expense	(7,624)	-	(7,624)
Cost of Issuance-Bonds	(21,750)	-	(21,750)
Net Income (Loss)	61,727	(11,181)	50,546
NET ASSETS, BEGINNING OF YEAR	<hr/> 553,865	<hr/> 1,976,177	<hr/> 2,530,042
NET ASSETS, END OF YEAR	<hr/> \$ 615,592 <hr/>	<hr/> \$ 1,964,996 <hr/>	<hr/> \$ 2,580,588 <hr/>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

FISCAL YEAR ENDED MARCH 31, 2008

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM (USED BY)			
<u>OPERATING ACTIVITIES</u>			
Net cash received from fees and services	\$ 179,246	\$ 136,197	\$ 315,443
Other operating revenues	5,456	14,692	20,148
Cash payments to employees for services	(46,636)	(11,539)	(58,175)
Cash payments to goods and services	(66,102)	(98,144)	(164,246)
Other operating expenses	-	-	-
	<u> </u>	<u> </u>	<u> </u>
NET CASH FROM OPERATING ACTIVITIES	\$ 71,964	\$ 41,206	\$ 113,170
<u>NON CAPITAL AND FINANCING ACTIVITIES</u>			
Increase (decrease) in due to other funds			-
(Increase) decrease in due from other funds			-
Residual equity transfer in			-
Net operating transfers in (out)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ -	\$ -
<u>CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and construction of capital assets	(499,805)		(499,805)
Principal payment on long-term bonds	(30,000)	-	(30,000)
Interest paid on long-term bonds	(7,624)	-	(7,624)
Interest and tax expense	-	-	-
Proceeds from borrowings	648,275	-	648,275
Cost of bond issuance	(21,750)	-	(21,750)
	<u> </u>	<u> </u>	<u> </u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ 89,096	\$ -	\$ 89,096
<u>INVESTING ACTIVITIES</u>			
Interest Income	8,898	4,252	13,150
Gain on Value of Investments	3,383		3,383
Decrease in Investments	(9,560)		(9,560)
	<u> </u>	<u> </u>	<u> </u>
NET CASH FROM INVESTING ACTIVITIES	\$ 2,721	\$ 4,252	\$ 6,973
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	163,781	45,458	209,239
Cash and Cash Equivalents, Beginning of Year	<u>35,649</u>	<u>162,606</u>	<u>198,255</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 199,430</u></u>	<u><u>\$ 208,064</u></u>	<u><u>\$ 407,494</u></u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
(Continued)

FISCAL YEAR ENDED MARCH 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	WATER FUND	SEWER FUND	TOTAL
Operating Income	\$ 78,820	\$ (15,433)	\$ 63,387
Adjustment to reconcile operating income to net cash provided by operating activities:			
. Depreciation	10,369	58,374	68,743
. Provision for uncollectible accounts			-
. Changes in assets and liabilities :			
(Increase) Decrease in accounts receivable	2,093	(2,491)	(398)
Increase (Decrease) in accounts payable	(19,318)	756	(18,562)
Increase (Decrease) in deferred revenue	-	-	-
Increase (Decrease) in customer deposits	-	-	-
NET CASH FROM OPERATING ACTIVITIES	\$ 71,964	\$ 41,206	\$ 113,170

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

FIDUCIARY FUND**STATEMENT OF FIDUCIARY NET ASSETS***MARCH 31, 2008*

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$ 15,121</u>
TOTAL ASSETS	\$ 15,121
 <u>LIABILITIES</u>	
Due to Other Funds	5,004
Due to Other Governmental Units	<u>10,117</u>
TOTAL LIABILITIES	15,121
 <u>NET ASSETS</u>	
Unrestricted	<u>-</u>
TOTAL NET ASSETS	\$ -

The notes to the financial statements are an integral part of this report.

NOTES TO THE FINANCIAL STATEMENTS

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by **Iron River Township**, Iron River, Michigan, conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

THE FINANCIAL REPORTING ENTITY

The Township was organized in 1882 and operates under an elected Board of Trustees (5 people) and provides services to its residents including liquor law enforcement, general administration, and cemetery, water, and sewer services. On July 01, 2000, the City of Iron River was reformed and the Village of Mineral Hills, which had been part of the Township, was annexed by the new City of Iron River. In accordance with the provisions of GASB 14, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by GASB 14 for determining the various governmental organizations to be included in the reporting entity's financial statements include separation of electing governing body and legal status, and fiscal independence.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

THE FINANCIAL REPORTING ENTITY (Continued)

On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township as discretely presented component units.

BLENDED COMPONENT UNITS

A blended component unit is a legally separate entity from the local unit, but it is so intertwined with the unit that it is, in substance, the same as the local governmental unit.

A basic strategy of GASB 14 is to present financial information for component units separately from the financial information for the primary government. This is achieved through the discrete presentation method. However, in the case of blended component units, GASB believes that it would be more appropriate to use the blending method to incorporate the financial information of a component unit into the reporting entity's financial statements.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BLENDED COMPONENT UNITS (Continued)

When the blending method is used, transactions and balances of a component unit are merged with similar transactions and balances of the primary government so that there is no way to identify which balances relate to the component unit and which relate to the primary government.

On this basis, there are no blended component units to be reported.

JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINT VENTURES (Continued)

An ongoing financial responsibility is determined as a participating government's obligation in some manner for debts or the joint venture's existence depends on continued funding by the participating government.

There are no joint ventures to be reported.

JOINTLY GOVERNED ORGANIZATIONS

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

West Iron County Sewer Authority

The **Township of Iron River** entered into an agreement with several governmental entities to form the West Iron County Sewer Authority.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS
(Continued)

West Iron County Sewer Authority (Continued)

The Authority was established in August 1972 under the provisions of Act 233, Public Acts of Michigan, 1955, as amended, and was organized to provide sewer service to the cities of Iron River, Caspian, and Gaastra, and a portion of **Iron River Township**. The first grant applications were filed in 1982. Members from each participating municipality are appointed by their respective governmental entities to serve on the Board of Trustees of the West Iron County Sewer Authority.

Pursuant to the terms of the Authority's Sewer Use Ordinances adopted by the Authority and each Constituent Municipality, the Authority bills each Constituent Municipality monthly based on such Constituent Municipality's percentage of Equal Dwelling Units ("EDUs") to the total member of EDUs for the entire system.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS
(Continued)

West Iron County Sewer Authority (Continued)

Billing to end users is done by each Constituent Municipality using its own billing system and methodology.

Under the EDU system, the Authority adopts a preliminary budget in April of each year for its next fiscal year beginning the following July 01. This preliminary budget is presented to each Constituent Municipality for review and consideration in its budgeting process. Prior to adopting its final budget in June of each year for the fiscal year beginning the following July 01, the Authority holds a public hearing with respect to the preliminary budget.

The preliminary and final budgets calculated EDU charges to cover both operation, maintenance, and replacement ("OMR") expenses and debt retirement expenses.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS
(Continued)

West Iron County Sewer Authority (Continued)

Included in OMR charges are funds for future replacements of all major plant equipment.

During the fiscal year ended March 31, 2008, the **Township of Iron River** paid to the Authority fees totaling \$ 57,124 for OMR and debt retirement.

Financial statements for the West Iron County Sewer Authority can be requested by writing to:

West Iron County Sewer Authority
P.O. Box 246
Caspian, Michigan 49915

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS
(Continued)

West Iron County Fire Board

The West Iron County Fire Board was organized in 1987 and provides fire protection for Iron River, Bates and Stambaugh Townships, and the City of Iron River, Iron County, Michigan.

The Board operates under an appointed Board of Commissioners (9 people) and provides fire protection services to more than 4500 residents.

The Board is funded by assessments from the participating municipalities.

Financial statements are available by writing to:

West Iron County Fire Board
P.O. Box 203
Iron River, Michigan 49935

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS
(Continued)

West Iron County Volunteer Fire Department

The West Iron County Volunteer Fire Department was organized in 1987 and consists of volunteer fire fighters from the City of Iron River and the Townships of Bates, Iron River, and Stambaugh.

The purpose of the organization is to preserve and protect all life and property as declared by the West Iron County Fire Board. The officers, elected by a plurality of votes of members present at the annual meeting consist of a Chief, Assistant Chief, First Captain, Second Captain, Training Officer, and Secretary/Treasurer.

Complete financial statements of the West Iron County Volunteer Fire Department can be obtained from:

West Iron County Volunteer Fire Department
640 9th Street
Iron River, Michigan 49935

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RELATED ORGANIZATIONS

A related organization is an organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relations) even though the primary government appoints a voting majority of the organization's governing board.

There are no related organizations to be reported.

BASIS OF PRESENTATION

The Township follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 adds the following components to the financial statements:

Management's Discussion and Analysis

A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Government-wide financial statements

These include financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Annual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Assets and the Statement of Program Activities.

Statement of Net Assets

The Statement of Net Assets displays the financial position of the primary government (government and business-type activities).

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

Statement of Net Assets (Continued)

Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expenses - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government are broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Program Activities

The statement of program activities reports expenses and revenues in a format that focuses on the cost of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

Budgetary comparison schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public.

Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Township and many other governments revise their original budgets over the course of the year for a variety of reasons.

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary governmental entities for which the government is considered to be financially accountable.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

**GOVERNMENT-WIDE AND FUND FINANCIAL
STATEMENTS**

The basic financial statements include both government-wide (based on the Township as a whole) and fund financial statements. The reporting model focus is on both the Township as a whole and the fund financial statements, including the major individual funds of governmental and business-type categories, as well as the fiduciary funds, (by category).

The following criteria is applied for major fund qualification:

Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 10% of the corresponding total for a fund type.

Total assets, liabilities, revenues, or expenditures/expenses (excluding extraordinary items) of an individual fund are at least 5% of the corresponding total for the total of all governmental and enterprise funds combined.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

**GOVERNMENT-WIDE AND FUND FINANCIAL
STATEMENTS (Continued)**

Assets, or any other element taken one at a time would have to pass both the 10% test and the 5% test for the fund to be considered a major fund.

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

**GOVERNMENT-WIDE AND FUND FINANCIAL
STATEMENTS (Continued)**

Both governmental-wide and fund financial statement presentations provide valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information. The Township generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The Township may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, parks and recreation, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

**GOVERNMENT-WIDE AND FUND FINANCIAL
STATEMENTS (Continued)**

The program revenues must be directly associated with the function (public safety, public works, parks and recreation, etc.) or a business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Township does not allocate indirect expenses. The operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

**GOVERNMENT-WIDE AND FUND FINANCIAL
STATEMENTS (Continued)**

In the fund financial statements, financial transactions and accounts of the Township are organized in the basis of funds.

The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing sets of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

**GOVERNMENT-WIDE AND FUND FINANCIAL
STATEMENTS (Continued)**

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

The Township's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

The various funds are grouped, in the financial statements in this report, into several broad categories as follows:

GOVERNMENTAL FUNDS

These funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the Township's expendable financial resources and the related current liabilities, except those accounted for in the Proprietary Fund, are accounted for through the Governmental Funds.

These funds are as follows:

General Fund

This fund is used for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

GOVERNMENTAL FUNDS (Continued)

General Fund (Continued)

Revenues are derived primarily from property taxes and state and federal distributions, grants, and other intergovernmental revenues.

The General Fund is always considered to be a major fund for reporting purposes.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

The Township's *Liquor Law Enforcement* and *Cemetery (Operating)* funds are Special Revenue Funds.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (Continued)

For reporting purposes, the Cemetery (Operating) Fund is a major fund. The Liquor Law Enforcement Fund is a non-major fund.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings--and not principal--may be used for purposes that support the government's programs--that is, for the benefit of the public.

The Township's *Cemetery Perpetual Care Fund* is a Permanent Fund.

For reporting purposes, the Cemetery Perpetual Care Fund is a non-major fund.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

GOVERNMENTAL FUNDS (Continued)

Capital Projects Fund

These funds are used to account for the purchase and/or construction of capital facilities by a governmental unit which is not accounted for by Proprietary Funds, Special Assessment Funds, or Trust Funds. The various resources of the governmental unit to be used in the projects, such as General Fund contributions, grants from other units or government and bond proceeds, flow into the Capital Project Fund. Expenditures incurred in the development of the facility are also recorded within the Capital Project Fund.

Currently, the Township does not utilize a Capital Projects Fund.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

PROPRIETARY FUNDS

Enterprise Funds

These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises----where the intent of the governing body is that the costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

The Township's *Water Fund* and *Sewer Fund* are Enterprise Funds.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

FIDUCIARY FUNDS

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds.

The Township's *Current Tax Collection Fund* is a Fiduciary Fund.

MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current liabilities generally are included on the balance sheet in the fund statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

The government-wide statement of net assets and statement of activities, all proprietary funds, and private trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statement of net assets, statement of activities, and the financial statements of Proprietary Funds and Fiduciary Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

The fund financial statements of the General, Special Revenue, Permanent, and Capital Projects funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within sixty days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants revenue is considered to be measurable and available as revenue when related eligible expenditures are incurred.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

The local government unit applies all GASB pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed for accountability purposes only.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

ENCUMBRANCES

It is the Township's policy to honor all unfilled contracts/orders at year-end, but the authority to complete these transactions is provided by the new year's budget appropriations, as unexpended appropriations of the current year lapse at year-end.

CASH AND CASH EQUIVALENTS

The Township pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

The Township classifies cash on hand, cash on deposit (including certificates of deposit), and highly liquid investments with an original maturity of ninety days or less when purchased as cash in its financial statements.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

INVENTORIES

Inventories of supplies are expended as received.

RECEIVABLES

Accounts which will be collected within sixty days of year-end are accrued as accounts receivable in the General, Permanent, and Special Revenue Funds. User charges for the Proprietary Fund are recorded as receivable when billed. On an annual basis the charges are reviewed for collectibility. Those deemed uncollectible are assigned to the tax roll.

INTEREST RECEIVABLE

Interest on certificates of deposit is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

DUE TO/FROM OTHER FUNDS

Transactions between funds that had not been paid or received as of fiscal year end have been recorded as inter-fund accounts receivable and payable in the financial statements. These inter-fund receivables and payables do not represent Board-approved loans between funds.

DEFERRED REVENUE

Deferred revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, whereby such amounts are measurable but not considered currently available resources.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances represent the amount that has been legally identified for specific purposes. Designated fund balances represent amounts earmarked by the Township for future expenditures.

Unreserved retained earnings represent net assets available for future operations or distribution. Reserved retained earnings represent net assets that have been legally identified for specific purposes. Designated retained earnings represent amounts earmarked by the Township for future expenditures.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

BUDGETS AND BUDGETARY ACCOUNTING

The Township follows the State of Michigan Uniform Budgeting and Accounting Act for budgeting procedures. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. Unexpended appropriations lapse at fiscal year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31 of the preceding fiscal year, the Township prepares a budget for the next fiscal year beginning April 01. The operating budget includes proposed expenditures and the means of financing them.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

**BUDGETS AND BUDGETARY ACCOUNTING
(Continued)**

2. A meeting of the Township Board is then called for the purpose of adopting the proposed budget after sufficient public notice of the meeting has been given.
3. Prior to April 01, the budget is legally enacted through passage of a resolution by the members of the Township Board.

Once the budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Township Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

PROPERTY TAX

Property taxes are levied on December 31 and payable in two installments, July 01 and December 01. They become delinquent the following March 01. The Township bills and collects its own property taxes and also collects taxes for the school districts, county, and library.

Collections for the schools, county, and library are accounted for in the Trust and Agency Fund. Township property tax revenues are recognized when levied to the extent they are receivable. The County of Iron purchases from the Township the delinquent real property taxes outstanding as of March 31 of each year.

The 2007 taxable valuation of the Township totaled \$46,481,358, on which ad valorem taxes levied consisted of 2.9969 mills for general operating purposes.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

NON-MONETARY TRANSACTIONS

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

CAPITAL ASSETS

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the governmental-wide statements to the extent the Township's capitalization threshold of \$1,000 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings..... 20 - 30 years

Infrastructure..... 10 - 65 years

Furniture and Other

Equipment..... 5 - 20 years

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

CAPITAL ASSETS (Continued)

To the extent the Township's capitalization threshold of \$1,000 is met, capital outlays of the Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the governmental-wide basis using the straight-line method and the following estimated useful lives:

Land Improvements..... 20 years

Equipment..... 5 - 20 years

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

CAPITAL ASSETS (Continued)

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

COMPENSATED ABSENCES

Vacation

Full time Township employees may earn paid vacation after one year of employment. The employees earn paid vacation as follows:

- 1) After 1 year of employment, employees earn 6 days of paid vacation.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

COMPENSATED ABSENCES (Continued)

Vacation (Continued)

- 2) After 5 years of employment, employees earn 12 days of paid vacation.
- 3) After 10 years of employment, employees earn 18 days of paid vacation.
- 4) After 15 years of employment, employees earn 24 days of paid vacation.

Vacation time may carry over to the following year. At March 31, 2008, the Township's liability for accrued vacation, plus the related costs of FICA and Medicare was \$2,026.91.

Sick/Funeral Leave

Full time employees are granted 3 days for sick leave and 3 funerals at 2 days per funeral for funeral leave. Sick and funeral leave may not carry over to the following year.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

POST-EMPLOYMENT BENEFITS

The Township offers no post-employment benefits.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – INTER-FUND ACTIVITIES

INTER-FUND RECEIVABLES AND PAYABLES

Inter-fund receivables and payables generally do not represent inter-fund borrowings; instead, they routinely represent actual amounts which are pending between funds at year-end due to the timing of cash flows. Generally, these amounts clear shortly after year-end when resources become available.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE B – INTER-FUND ACTIVITIES (CONTINUED)

**INTER-FUND RECEIVABLES AND PAYABLES
(Continued)**

The amounts of the inter-fund receivables and payables as of March 31, 2008 were as follows:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General	\$ 5004	\$ -0-
Trust and Agency	<u>-0-</u>	<u>5004</u>
Totals	\$ <u>5004</u>	\$ <u>5004</u>

The Trust and Agency Fund held tax dollars due to the General Fund as of March 31.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE B – INTER-FUND ACTIVITIES (CONTINUED)

OPERATING TRANSFERS

Inter-fund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the fiscal year ended March 31, 2008, the Township authorized no transfers.

NOTE C - CASH, DEPOSITS, AND INVESTMENTS

PRIMARY GOVERNMENT

On March 31, 2008, the carrying value of the Township's deposits (Primary Government) was \$ 1,059,203 and is comprised of cash and deposits reflected in the following funds:

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT (Continued)

<i>Governmental Funds</i>		
General Fund	\$	545711
Liquor Law Enforcement Fund		1398
Cemetery Fund		<u>42248</u>
<i>Total Governmental Funds</i>		589357
<i>Enterprise Funds</i>		
Water Supply System Fund		199430
Sewer Fund		<u>208064</u>
<i>Total Enterprise Funds</i>		407494
<i>Fiduciary Funds</i>		
Tax Collection Fund		<u>15121</u>
<i>Total Fiduciary Funds</i>		15121
<i>Permanent Funds</i>		
Cemetery Perpetual Care Trust Fund		<u>47231</u>
<i>Total Permanent Funds</i>		47231
TOTAL PRIMARY GOVERNMENT	\$	1059203

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

The three levels of risk are as follows:

Category 1

Deposits which are insured or collateralized with securities held by the Township or its agent in the Township's name.

Category 2

Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

Category 3

Deposits which are not collateralized or insured.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

Based on these levels of risk, the Township's cash deposits
(Primary Government) are classified as follows:

SCHEDULE OF CASH AND DEPOSITS

PRIMARY GOVERNMENT

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Totals</u>
Cash and Deposits	\$ 147230	\$ -0-	\$ 911973	\$ 1059203

INVESTMENTS

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

The Township's investments are categorized below to give an indication of the level of risk assumed at year-end.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

INVESTMENTS (Continued)

Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. **Category 2** includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's safekeeping department or agent in the Township's name. **Category 3** includes uninsured and registered investments for which the securities are held by the broker or dealer, or by its safekeeping department or agent, but not in the Township's name.

Investments for the Township are reflected below:

<u>Investment Type</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Market Value</u>
	\$ <u>-0-</u>	\$ <u>829962</u>	\$ <u>-0-</u>	\$ <u>829962</u>	\$ <u>829962</u>
Total Investments	\$ <u>-0-</u>	\$ <u>829962</u>	\$ <u>-0-</u>	\$ <u>829962</u>	\$ <u>829962</u>

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY

Act 196, PA 1997, authorizes the Township to deposit and invest in:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, or depository receipts of a financial institution eligible to be a depository of funds belonging to the State of Michigan under a law or rule of this state or the United States.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY (Continued)

4. Repurchase agreements consisting of instruments issued by the United States or an agency or instrumentality of the United States.
5. Bankers acceptance of United States banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. Mutual funds registered under the Investment Act of 1950 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY (Continued)

The Township has adopted an investment policy, allowing for all types of deposits and investments listed above. The Township's deposits and investments are in compliance with its investment policy.

NOTE D - PENSION PLAN

The Township maintains a fully funded pension plan for its full-time employees and trustees through John Hancock. The contribution for the year ended March 31, 2008 was \$7,900. The plan is fully funded by annuity contracts. On the most recent statement prepared, as of December 2007, the value of the account was \$ 53,349.86.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

BUDGET VIOLATIONS

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated. The Township's actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of **Iron River Township** were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2007-2008 expenditures for all activities (cost centers) did not exceed the amended budget allocations.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE F - ACCUMULATED FUND DEFICITS

At March 31, 2008, the Township had no fund balance/retained earnings deficit in any fund.

NOTE G - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

NOTE H - CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended March 31, 2008:

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE H - CAPITAL ASSETS (CONTINUED)

<u>GOVERNMENTAL ACTIVITIES</u>	Balance March 31, 2007	<u>Increases</u>	<u>Decreases</u>	Balance March 31, 2008
Capital Assets Not Being Depreciated	\$	\$	\$	\$
Land and Land Improvements	5226	0	0	5226
Total Capital Assets Not Being Depreciated	\$ 5226	\$ 0	\$ 0	\$ 5226
<u>Other Capital Assets</u>				
Buildings	242452	0	0	242452
Furniture & Other Equip.	84890	7500	0	92390
Infrastructure	29507	0	0	29507
Total Other Cap. Assets	\$ 356849	\$ 7500	\$ 0	\$ 364349
<u>Less Accumulated Depreciation for:</u>				
Buildings	(227586)	(771)	0	(228357)
Furniture & Other Equip.	(67618)	(3505)	0	(71123)
Water Lines	(557)	(579)	0	(1136)
Total Accum. Depreciation	(295761)	(4855)	0	(300616)
Other Capital Assets, Net	61088	2645	0	63733
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>66314</u>	\$ <u>2645</u>	\$ <u>0</u>	\$ <u>68959</u>

Depreciation was charged to governmental functions as
unallocated.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE H - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended March 31, 2008:

	<u>Balance March 31, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance March 31, 2008</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Construction in Progress	292596	488856	0	781452
 <u>Other Capital Assets:</u>				
Buildings	10000	10949	0	20949
Machinery and Equipment	283785	0	0	283785
Water Mains/Lines	22500	0	0	22500
Sewer Mains/Lines	<u>2830907</u>	<u>0</u>	<u>0</u>	<u>2830907</u>
 Total Capital Assets	 \$ 3439788	 \$ 499805	 \$ 0	 \$ 3939593

(Continued on page 88)

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE H - CAPITAL ASSETS (CONTINUED)

BUSINESS-TYPE ACTIVITIES (Continued)

(Continued from previous page)

	Balance March 31, <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance March 31, <u>2008</u>
Less Accumulated Depreciation for:				
Buildings	\$ (4600)	\$ (474)	\$ 0	\$ (5074)
Machinery and Equipment	(178068)	(11355)	0	(189423)
Water Mains/Lines	(9650)	(500)	0	(10150)
Sewer Mains/Lines	(1033490)	(56414)	0	(1089904)
Total Accumulated Depreciation	(1225808)	(68743)	0	(1294551)
 TOTAL BUSINESS-TYPE ACTIVITIES	 \$ <u>2213980</u>	 \$ <u>431062</u>	 \$ <u>0</u>	 \$ <u>2645042</u>

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE I - LONG-TERM DEBT

<u>Business-Type Activities</u>	<u>Balance March 31, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance March 31, 2008</u>
Water System Improvement Bonds	\$ -0-	\$ 648275	\$ 30000	\$ 618275

**WATER SUPPLY SYSTEM REVENUE BOND,
SERIES 2007**

On June 28, 2007, the Township issued a Water Supply Revenue Bond in the amount of \$805,000 to the Michigan Municipal Bond Authority. The bond was issued for the purpose of paying costs of improvements to the Township's water supply system, including construction of a new well and well house, electrical and control system improvements, a backup generator, transmission lines and water main along Gibbs City Road together with related sites, equipment, structures, attachments, and appurtenances.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE I - LONG-TERM DEBT (CONTINUED)

**WATER SUPPLY SYSTEM REVENUE BOND,
SERIES 2007 (Continued)**

Payment on the general obligation limited tax bond is to be made from the net revenues of the water supply system pursuant to a purchase contract between the Township and the Authority and a Supplemental Agreement by and among the Township, the Authority, and the State of Michigan acting through the Department of Environmental Quality. The bond bears interest at the rate of 2.125%.

As of March 31, 2008, the amount of principal drawn by the Township for this project as \$648,275. Due to the fact that the project has not yet been closed, an amortization schedule on this bond has not been finalized. However, during the fiscal year ended March 31, 2008, the Township made a principal payment of \$30,000 and interest payments totaling \$7,624.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE J - SEGMENT INFORMATION - Enterprise Fund

	Water Supply System Fund	Sewer Fund	Total Enterprise Funds
Operating Revenues	\$ 182609	\$ 153380	\$ 335989
Depreciation and Amortization Expense	10369	58374	68743
Operating Income or (Loss)	78820	(15433)	63387
Operating Grants, Entitlements, and Shared Revenues	-0-	-0-	-0-
Operating Transfers:			
In	-0-	-0-	-0-
(Out)	-0-	-0-	-0-
Tax Revenues	-0-	-0-	-0-
Net Income or Loss	61727	(11181)	50546

(Continued on page 92)

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE J - SEGMENT INFORMATION - Enterprise Fund (CONTINUED)

(Continued from previous page)

	Water Supply System Fund	Sewer Fund	Total Enterprise Funds
Current Capital:	\$	\$	\$
Contributions	-0-	-0-	-0-
Transfers	-0-	-0-	-0-
Property, Plant, and Equipment			
Additions	499805	-0-	499805
Deletions	-0-	-0-	-0-
Net Working Capital	169296	212751	382047
Total Assets	1234623	1965752	3200375
Bonds and Other Long-Term Liabilities	-0-	-0-	-0-
Payable from Operating Revenues	618275	-0-	618275
Payable from Other Sources	-0-	-0-	-0-
Total Equity	615592	1964996	2580588

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE K - RELATED PARTY TRANSACTIONS

Related parties exist when there is a relationship that offers potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there are no related party transactions reported in the financial statements.

IRON RIVER TOWNSHIP

**NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)**

MARCH 31, 2008

NOTE L - SUBSEQUENT EVENTS

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

At fiscal year ended March 31, 2008, there were no subsequent events that would have a significant affect on the Township's operations.

NOTE M - COMMITMENTS AND CONTINGENCIES

There are currently no commitments or contingencies which would have a material financial input on the financial statements of the Township.

REQUIRED SUPPLEMENTAL INFORMATION

IRON RIVER TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FISCAL YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<u>REVENUE</u>			
General property taxes	\$ 142,000	\$ 142,000	\$ 139,284
Other local taxes/administration fees	17,611	17,091	22,131
Licenses, permits, and fees	1,700	1,700	1,115
Use of money and property	22,500	27,500	53,043
Charges for services-tax collection	5,400	5,400	5,607
Miscellaneous	565	1,500	6,849
Intergovernmental	100,000	84,662	113,962
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	\$ 289,776	\$ 279,853	\$ 341,991
<u>EXPENDITURES</u>			
General government	99,332	129,733	108,886
Legislative	19,209	19,876	18,789
Township property	38,032	41,020	35,995
Department of Public Works	17,274	21,496	16,553
Public Safety	19,450	19,450	19,000
Parks and Recreation	1,000	1,200	700
Capital outlay		-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 194,297	\$ 232,775	\$ 199,923
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-
 Net Change in Fund Balance	 95,479	 47,078	 142,068
Fund Balance -Beginning of year	1,015,357	1,015,357	1,015,357
Fund Balance - End of year	\$ 1,110,836	\$ 1,062,435	\$ 1,157,425

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULE – CEMETERY OPERATING FUND

FISCAL YEAR ENDED MARCH 31, 2008

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<u>REVENUE</u>			
Grave Openings	\$ 30,746	\$ 30,746	\$ 22,475
Sale of Lots	7,000	7,000	4,950
Long-Term Maintenance Fee	-	5,200	4,400
Vault Rental	800	800	1,725
Interest	200	200	673
Other Income	-	75	75
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	\$ 38,746	\$ 44,021	\$ 34,298
<u>EXPENDITURES</u>			
Salaries	22,500	23,000	22,471
Fringe Benefits	1,721	1,750	1,719
Office Supplies	-	350	298
Printing/Publishing	50	50	-
Gas, Oil, and Fuel	1,700	1,800	1,751
Repair and Maintenance	2,000	2,000	1,401
Contract Services	2,000	2,000	1,773
Telephone	425	600	533
Utilities	400	900	833
Miscellaneous	450	450	43
Capital Outlay	7,500	7,500	7,500
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 38,746	\$ 40,400	\$ 38,322
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-
 Net Change in Fund Balance	 -	 3,621	 (4,024)
 Fund Balance -Beginning of year	 46,272	 46,272	 46,272
 Fund Balance - End of year	 \$ 46,272	 \$ 49,893	 \$ 42,248

The notes to the financial statements are an integral part of this report.

OTHER SUPPLEMENTAL INFORMATION

IRON RIVER TOWNSHIP

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

MARCH 31, 2008

	<u>LLE Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Investments (Note C)	\$ 1,398	\$ 140,675	\$ 142,073
Due from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,398</u>	<u>\$ 140,675</u>	<u>\$ 142,073</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	-	-	-
FUND BALANCES			
Reserved for Liquor Law Enforcement	1,398	-	1,398
Reserved for Cemetery Perpetual Care	-	98,456	98,456
Reserved for Cemetery Operations	<u>-</u>	<u>42,219</u>	<u>42,219</u>
TOTAL FUND BALANCES	1,398	140,675	142,073
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,398</u>	<u>\$ 140,675</u>	<u>\$ 142,073</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**

FISCAL YEAR ENDED MARCH 31, 2008

	<u>LLE Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total</u>
<u>REVENUE</u>			
Use of money and property	\$ 5	\$ 6,494	\$ 6,499
Charges for services	75	-	75
Miscellaneous	-	-	-
Sale of property	-	-	-
Intergovernmental	523	-	523
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	\$ 603	\$ 6,494	\$ 7,097
<u>EXPENDITURES</u>			
Current			
Public safety	533	-	533
Cemetery	-	150	150
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 533	\$ 150	\$ 683
Excess (Deficiency) of Revenues Over Expenditures	70	6,344	6,414
Other Financing Sources (Uses)			
Gain (Loss) on investments	-	2,004	2,004
Operating transfers in (out)	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	2,004	2,004
Net Change in Fund Balances	70	8,348	8,418
FUND BALANCE- BEGINNING OF YEAR	1,328	132,327	133,655
	<hr/>	<hr/>	<hr/>
FUND BALANCE - END OF YEAR	\$ 1,398	\$ 140,675	\$ 142,073
	<hr/>	<hr/>	<hr/>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS

MARCH 31, 2008

	CEMETERY FUND	LIQUOR LAW ENFORCEMENT FUND	TOTAL
<u>ASSETS</u>			
Cash	\$ 42,248	\$ 1,398	\$ 43,646
Due from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 42,248</u>	<u>\$ 1,398</u>	<u>\$ 43,646</u>
 <u>FUND EQUITY</u>			
Fund Balance	<u>42,248</u>	<u>1,398</u>	<u>43,646</u>
TOTAL FUND EQUITY	<u>\$ 42,248</u>	<u>\$ 1,398</u>	<u>\$ 43,646</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
EQUITY - ALL SPECIAL REVENUE FUNDS**

FISCAL YEAR ENDED MARCH 31, 2008

	CEMETERY FUND	LIQUOR LAW ENFORCEMENT FUND	TOTAL
<u>REVENUES</u>			
State Grants	\$ -	\$ 523	\$ 523
Sale of Lots	4,950	-	4,950
Charges for Services	26,875	75	26,950
Rental Income	1,725	-	1,725
Interest	673	5	678
Other Income	75	-	75
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	\$ 34,298	\$ 603	\$ 34,901
 <u>EXPENDITURES</u>			
Salaries	22,471	495	22,966
Fringe Benefits	1,719	38	1,757
Office Supplies	298	-	298
Printing/Publishing	-	-	-
Gas, Oil and Fuel	1,751	-	1,751
Repair and Maintenance	1,401	-	1,401
Contract Services	1,773	-	1,773
Telephone	533	-	533
Utilities	833	-	833
Miscellaneous	43	-	43
Capital Outlay	7500	-	7500
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 38,322	\$ 533	\$ 38,855
 Excess of Revenues Over (Under) Expenditures	 (4,024)	 70	 (3,954)
 FUND BALANCE, APRIL 1	 <hr/> 46,272	 <hr/> 1,328	 <hr/> 47,600
 FUND BALANCE, MARCH 31	 <u><u>\$ 42,248</u></u>	 <u><u>\$ 1,398</u></u>	 <u><u>\$ 43,646</u></u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

COMBINING BALANCE SHEET - ALL PROPRIETARY FUND TYPES

MARCH 31, 2008

	WATER FUND	SEWER FUND	TOTAL
<u>ASSETS</u>			
Cash and Deposits :			
Restricted	\$ -	\$ -	\$ -
Unrestricted	199,430	208,064	407,494
Investments :			
Designated for System Improvement	141,774	-	141,774
Undesignated	-	-	-
Accounts Receivable	622	5,443	6,065
Property, Plant and Equipment	268,273	2,889,868	3,158,141
Construction in Progress	781,452	-	781,452
Accumulated Depreciation	(156,928)	(1,137,623)	(1,294,551)
TOTAL ASSETS	<u>\$ 1,234,623</u>	<u>\$ 1,965,752</u>	<u>\$ 3,200,375</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Accounts Payable	756	756	1,512
Bonds Payable	618,275	-	618,275
TOTAL LIABILITIES	619,031	756	619,787
<u>FUND EQUITY</u>			
Retained Earnings :			
Unreserved - Designated	141,774	-	141,774
Unreserved - Undesignated	473,818	1,964,996	2,438,814
TOTAL FUND EQUITY	<u>615,592</u>	<u>1,964,996</u>	<u>2,580,588</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,234,623</u>	<u>\$ 1,965,752</u>	<u>\$ 3,200,375</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES

FISCAL YEAR ENDED MARCH 31, 2008

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<u>OPERATING REVENUE</u>			
Charges for Services	\$ 177,153	\$ 138,688	\$ 315,841
Penalties and Late Fees	5,014	2,913	7,927
Other Income	442	11,779	12,221
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUE	\$ 182,609	\$ 153,380	\$ 335,989
 <u>OPERATING EXPENSES</u>			
Salaries and Wages	43,322	10,719	54,041
Fringe Benefits	3,314	820	4,134
Office Supplies	778	654	1,432
Printing/Publishing	469	-	469
Membership Dues	225	-	225
Gas, Oil and Fuel	5,499	541	6,040
Repair and Maintenance	7,603	4,519	12,122
Iron River Surcharge	-	6,849	6,849
Purchased Services	147	17,980	18,127
Engineering Services	-	4,993	4,993
Testing/Water Samples	3,610	-	3,610
Telephone	6,169	1,014	7,183
Utilities	22,284	5,213	27,497
Sewer Treatment :			
Contract Services - O&M	-	37,524	37,524
Contract Services - Debt Retirement	-	19,600	19,600
Depreciation	10,369	58,374	68,743
Miscellaneous	-	13	13
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	\$ 103,789	\$ 168,813	\$ 272,602
 Operating Profit (Loss)	78,820	(15,433)	63,387
 <u>NON-OPERATING INCOME</u>			
Interest Income	8,898	4,252	13,150
Gain on Investments	3,383	-	3,383
 <u>NON-OPERATING EXPENSES</u>			
Interest Expense	(7,624)	-	(7,624)
Cost of Issuance- Bonds	(21,750)	-	(21,750)
 Net Income (Loss)	61,727	(11,181)	50,546
 RETAINED EARNINGS, APRIL 1	<hr/> 553,865	<hr/> 1,976,177	<hr/> 2,530,042
 RETAINED EARNINGS, MARCH 31	<hr/> \$ 615,592	<hr/> \$ 1,964,996	<hr/> \$ 2,580,588

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES

FISCAL YEAR ENDED MARCH 31, 2008

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM (USED BY)			
<u>OPERATING ACTIVITIES</u>			
Net cash received from fees and services	\$ 179,246	\$ 136,197	\$ 315,443
Other operating revenues	5,456	14,692	20,148
Cash payments to employees for services	(46,636)	(11,539)	(58,175)
Cash payments to goods and services	(66,102)	(98,144)	(164,246)
Other operating expenses	-	-	-
	<u> </u>	<u> </u>	<u> </u>
NET CASH FROM OPERATING ACTIVITIES	\$ 71,964	\$ 41,206	\$ 113,170
<u>NON CAPITAL AND FINANCING ACTIVITIES</u>			
Increase (decrease) in due to other funds	-		-
(Increase) decrease in due from other funds			-
Residual equity transfer in			-
Net operating transfers in (out)	-	-	-
	<u> </u>	<u> </u>	<u> </u>
NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ -	\$ -
<u>CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and construction of capital assets	(499,805)		(499,805)
Principal payment on long-term bonds	(30,000)	-	(30,000)
Interest paid on long-term bonds	(7,624)	-	(7,624)
Interest and tax expense	-	-	-
Proceeds from borrowings	648,275	-	648,275
Cost of bond issuance	(21,750)	-	(21,750)
	<u> </u>	<u> </u>	<u> </u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ 89,096	\$ -	\$ 89,096
<u>INVESTING ACTIVITIES</u>			
Interest Income	8,898	4,252	13,150
Gain on Value of Investments	3,383	-	3,383
(Increase) Decrease in Investments	(9,560)	-	(9,560)
	<u> </u>	<u> </u>	<u> </u>
NET CASH FROM INVESTING ACTIVITIES	\$ 2,721	\$ 4,252	\$ 6,973
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	163,781	45,458	209,239
Cash and Cash Equivalents, Beginning of Year	<u>35,649</u>	<u>162,606</u>	<u>198,255</u>
Cash and Cash Equivalents, End of Year	<u>\$ 199,430</u>	<u>\$ 208,064</u>	<u>\$ 407,494</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES
(CONTINUED)**

FISCAL YEAR ENDED MARCH 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	WATER FUND	SEWER FUND	TOTAL
Operating Income	\$ 78,820	\$ (15,433)	\$ 63,387
Adjustment to reconcile operating income to net cash provided by operating activities:			
. Depreciation	10,369	58,374	68,743
. Provision for uncollectible accounts			-
. Changes in assets and liabilities :			
(Increase) Decrease in accounts receivable	2,093	(2,491)	(398)
Increase (Decrease) in accounts payable	(19,318)	756	(18,562)
Increase (Decrease) in deferred revenue	-	-	-
Increase (Decrease) in customer deposits	-	-	-
NET CASH FROM OPERATING ACTIVITIES	\$ 71,964	\$ 41,206	\$ 113,170

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET - GENERAL FUND*MARCH 31, 2008***ASSETS**

Cash and Deposits	\$ 545,711
Investments	594,743
Receivables :	
Taxes	14,219
Accounts	-
Due From Other Funds	<u>5,004</u>
TOTAL ASSETS	<u>\$ 1,159,677</u>

LIABILITIES AND FUND EQUITY**LIABILITIES**

Deposits	225
Accrued Benefits	<u>2,027</u>
TOTAL LIABILITIES	\$ 2,252

FUND EQUITY

Fund Balance	
Unreserved - Undesignated	<u>1,157,425</u>
TOTAL FUND EQUITY	<u>1,157,425</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,159,677</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF REVENUES - GENERAL FUND
ACTUAL AND BUDGET

FISCAL YEAR ENDED MARCH 31, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>TAXES</u>			
Current Tax Levy	\$ 139,284	\$ 142,000	\$ (2,716)
Administrative Fees	18,467	16,000	2,467
Payment in Lieu of Taxes	687	-	687
Commercial Forest/Swamp Tax	1,636	1,091	545
Other Taxes	<u>1,341</u>	<u>-</u>	<u>1,341</u>
TOTAL TAXES	161,415	159,091	2,324
<u>FEDERAL GRANTS</u>			
Schools and Roads Grant	<u>19,936</u>	<u>20,000</u>	<u>(64)</u>
TOTAL FEDERAL GRANTS	19,936	20,000	(64)
<u>STATE-SHARED RECEIPTS</u>			
Sales Tax	89,364	60,000	29,364
Metro Act	<u>4,662</u>	<u>4,662</u>	<u>-</u>
TOTAL STATE-SHARED RECEIPTS	94,026	64,662	29,364
<u>CHARGES FOR SERVICES</u>			
Tax Collection	<u>5,607</u>	<u>5,400</u>	<u>207</u>
TOTAL CHARGES FOR SERVICES	5,607	5,400	207
<u>INTEREST AND RENTAL</u>			
Interest	41,516	22,000	19,516
Hall Rental	<u>425</u>	<u>500</u>	<u>(75)</u>
TOTAL INTEREST AND RENTAL	41,941	22,500	19,441
<u>OTHER REVENUE</u>			
Zoning Permits/Fees	1,115	1,200	(85)
Land Division Application Fees	-	500	(500)
Miscellaneous	6,849	1,500	5,349
Investment Gains (Losses)	<u>11,102</u>	<u>5,000</u>	<u>6,102</u>
TOTAL OTHER REVENUE	19,066	8,200	10,866
TOTAL REVENUES	<u>\$ 341,991</u>	<u>\$ 279,853</u>	<u>\$ 62,138</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF EXPENDITURES - GENERAL FUND
ACTUAL AND BUDGET

FISCAL YEAR ENDED MARCH 31, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>LEGISLATIVE</u>			
<u>Township Board</u>			
Salaries	\$ 7,200	\$ -	\$ -
Fringe Benefits	2,072		
Legal Services	150	-	-
Accounting and Audit	7,585		
Membership Dues/Education	1,061	-	-
Printing and Publishing	610		
Miscellaneous	111	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LEGISLATIVE	\$ 18,789	\$ 19,876	\$ 1,087
<u>GENERAL GOVERNMENT</u>			
<u>Supervisor</u>			
Salaries	11,930	-	-
Fringe Benefits	3,007	-	-
	<hr/>	<hr/>	<hr/>
Total Supervisor	14,937	15,040	103
<u>Assessor</u>			
Professional Fees	31,921	-	-
Printing and Publishing	625		
Supplies	4,105	-	-
	<hr/>	<hr/>	<hr/>
Total Assessor	36,651	38,350	1,699
<u>Elections</u>			
Compensated Services	1,628	-	-
Supplies	81		
Mileage	54	-	-
Membership Dues/Education	135	-	-
	<hr/>	<hr/>	<hr/>
Total Elections	\$ 1,898	\$ 2,150	\$ 252

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF EXPENDITURES - GENERAL FUND
ACTUAL AND BUDGET
(CONTINUED)

FISCAL YEAR ENDED MARCH 31, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>GENERAL GOVERNMENT</u>			
<u>Clerk</u>			
Salaries	\$ 16,317	\$ -	\$ -
Fringe Benefits	4,482		
Office Supplies	687	-	-
Contracted Services	83	-	-
	<hr/>	<hr/>	<hr/>
Total Clerk	21,569	22,470	901
<u>Treasurer</u>			
Salaries	17,012	-	-
Fringe Benefits	4,179		
Supplies	1,735	-	-
Tax Roll	5,857	-	-
Mileage	161	-	-
	<hr/>	<hr/>	<hr/>
Total Treasurer	28,944	46,200	17,256
<u>Board of Review</u>			
Salaries	410	-	-
Fringe Benefits	31		
Miscellaneous	64	-	-
	<hr/>	<hr/>	<hr/>
Total Board of Review	505	848	343
<u>Zoning</u>			
Salaries	3,405	-	-
Fringe Benefits	802		
Printing/Publishing	26		
Other Costs	149	-	-
	<hr/>	<hr/>	<hr/>
Total Zoning	4,382	4,675	293
	<hr/>	<hr/>	<hr/>
TOTAL GENERAL GOVERNMENT	\$ 108,886	\$ 129,733	\$ 20,847

The notes to the financial statements are an integral part of this return.

IRON RIVER TOWNSHIP

**STATEMENT OF EXPENDITURES - GENERAL FUND
ACTUAL AND BUDGET
(CONTINUED)**

FISCAL YEAR ENDED MARCH 31, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FAVORABLE (UNFAVORABLE)</u>
<u>TOWNSHIP PROPERTY</u>			
<u>Township Hall</u>			
Salaries	\$ 4,854	\$ -	\$ -
Fringe Benefits	8,731		
Insurance	13,035	-	-
Gas, Oil and Fuel	438	-	-
Repair and Maintenance	800		
Supplies	748	-	-
Contracted Services	69		
Utilities	6,450	-	-
Telephone	870		
	<hr/>	<hr/>	<hr/>
Total Township Hall	35,995	41,020	5,025
TOTAL TOWNSHIP PROPERTY	\$ 35,995	\$ 41,020	\$ 5,025
 <u>DEPARTMENT OF PUBLIC WORKS</u>			
Salaries	2,104	-	-
Fringe Benefits	4,126		
Repair and Maintenance	2,767	-	-
Other Costs	83		
Street Lighting	7,473		
	<hr/>	<hr/>	<hr/>
TOTAL DEPARTMENT OF PUBLIC WORKS	\$ 16,553	\$ 21,496	\$ 4,943
 <u>PUBLIC SAFETY</u>			
Fire Protection	19,000	-	-
	<hr/>	<hr/>	<hr/>
TOTAL PUBLIC SAFETY	\$ 19,000	\$ 19,450	\$ 450
 COMMUNITY PROMOTION AND RECREATION	700	1,200	500
 CAPITAL OUTLAY	-	-	-
 TOTAL EXPENDITURES	<u>\$ 199,923</u>	<u>\$ 232,775</u>	<u>\$ 32,852</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET - CEMETERY OPERATING FUND

MARCH 31, 2008

ASSETS

Cash	<u>\$ 42,248</u>
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TOTAL ASSETS	<u>\$ 42,248</u>
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FUND EQUITY

Fund Balance	<u>42,248</u>
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TOTAL FUND EQUITY	<u>\$ 42,248</u>
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The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
CEMETERY FUND
ACTUAL AND BUDGET**

FISCAL YEAR ENDED MARCH 31, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Grave Openings	\$ 22,475	\$ 30,746	\$ (8,271)
Sale of Lots	4,950	7,000	(2,050)
Long-Term Maintenance Fee	4,400	5,200	(800)
Vault Rental	1,725	800	925
Interest	673	200	473
Other Income	<u>75</u>	<u>75</u>	<u>-</u>
TOTAL REVENUES	\$ 34,298	\$ 44,021	\$ (9,723)
<u>EXPENDITURES</u>			
<u>Cemetery Services</u>			
Salaries	22,471	23,000	529
Fringe Benefits	1,719	1,750	31
Office Supplies	298	350	52
Printing/Publishing	-	50	50
Gas, Oil and Fuel	1,751	1,800	49
Repair and Maintenance	1,401	2,000	599
Contract Services	1,773	2,000	227
Telephone	533	600	67
Utilities	833	900	67
Miscellaneous	<u>43</u>	<u>450</u>	<u>407</u>
Total Cemetery Services	30,822	32,900	2,078
Capital Outlay	7,500	7,500	-
TOTAL EXPENDITURES	\$ 38,322	\$ 40,400	\$ 2,078
Excess of Revenues Over (Under) Expenditures	(4,024)	3,621	(7,645)
FUND BALANCE, APRIL 1	<u>46,272</u>		
FUND BALANCE, MARCH 31	<u><u>\$ 42,248</u></u>		

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET - LIQUOR LAW ENFORCEMENT FUND

MARCH 31, 2008

ASSETS

Cash	\$ 1,398
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TOTAL ASSETS	\$ 1,398
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FUND EQUITY

Fund Balance	1,398
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TOTAL FUND EQUITY	\$ 1,398
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The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY - LIQUOR
LAW ENFORCEMENT FUND
ACTUAL AND BUDGET**

FISCAL YEAR ENDED MARCH 31, 2008

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
State Grants	\$ 523	\$ 525	\$ (2)
Charges for Services	75	75	-
Interest	<u>5</u>	<u>-</u>	<u>5</u>
TOTAL REVENUES	\$ 603	\$ 600	\$ 3
 <u>EXPENDITURES</u>			
Salaries and Wages	495	557	62
Fringe Benefits	<u>38</u>	<u>43</u>	<u>5</u>
TOTAL EXPENDITURES	\$ 533	\$ 600	\$ 67
 Excess of Revenues Over (Under) Expenditures	 70	 -	 70
 FUND BALANCE, APRIL 1	 <u>1,328</u>		
FUND BALANCE, MARCH 31	<u><u>\$ 1,398</u></u>		

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET - CEMETERY PERPETUAL CARE TRUST FUND – (PERMANENT FUND)*MARCH 31, 2008***ASSETS**

Cash	\$ 47,231
Investments	<u>93,444</u>
TOTAL ASSETS	<u>\$ 140,675</u>

FUND EQUITY

Fund Balance - Reserved for Perpetual Care	98,456
Fund Balance - Reserved for Cemetery Operations	<u>42,219</u>
TOTAL FUND EQUITY	<u>\$ 140,675</u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
CEMETERY PERPETUAL CARE TRUST FUND – (PERMANENT FUND)**

FISCAL YEAR ENDED MARCH 31, 2008

	<u>EXPENDABLE</u>	<u>NON- EXPENDABLE</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Perpetual Care Receipts	\$ -	\$ -	\$ -
Interest	<u>6,494</u>	<u>-</u>	<u>6,494</u>
TOTAL REVENUES	\$ 6,494	\$ -	\$ 6,494
 <u>EXPENDITURES</u>			
Refunds	<u>-</u>	<u>150</u>	<u>150</u>
TOTAL EXPENDITURES	\$ -	\$ 150	\$ 150
 Excess of Revenues Over (Under) Expenditures	 6,494	 (150)	 6,344
 <u>Other Financing Sources (Uses)</u>			
Gain on valuation of investments	<u>2,004</u>	<u>-</u>	<u>2,004</u>
Total Other Financing Sources (Uses)	2,004	-	2,004
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 8,498	 (150)	 8,348
 FUND BALANCE, APRIL 1	 <u>33,721</u>	 <u>98,606</u>	 <u>132,327</u>
FUND BALANCE, MARCH 31	<u><u>\$ 42,219</u></u>	<u><u>\$ 98,456</u></u>	<u><u>\$ 140,675</u></u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET - WATER SUPPLY SYSTEM FUND*MARCH 31, 2008***ASSETS**

Cash and Deposits:

Restricted	\$	-
Unrestricted		199,430

Investments :

Designated for System Improvement		141,774
Undesignated		-

Accounts Receivable		622
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Property, Plant and Equipment		268,273
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Construction in Progress		781,452
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Accumulated Depreciation		(156,928)
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TOTAL ASSETS**\$ 1,234,623****LIABILITIES**

Accounts Payable	\$	756
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Bonds Payable		618,275
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TOTAL LIABILITIES**619,031****FUND EQUITY**

Retained Earnings :

Unreserved - Designated		141,774
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Unreserved - Undesignated		473,818
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TOTAL FUND EQUITY**615,592****TOTAL LIABILITIES AND FUND EQUITY****\$ 1,234,623**

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
WATER SUPPLY SYSTEM FUND**

FISCAL YEAR ENDED MARCH 31, 2008

OPERATING REVENUE

Charges for Services	\$ 177,153
Penalties and Late Fees	5,014
Other Income	<u>442</u>

TOTAL OPERATING REVENUE **\$ 182,609**

OPERATING EXPENSES

Salaries and Wages	43,322
Fringe Benefits	3,314
Office Supplies	778
Printing/Publishing	469
Membership Dues	225
Gas, Oil and Fuel	5,499
Repair and Maintenance	7,603
Testing/Water Samples	3,610
Purchased Services	147
Telephone	6,169
Utilities	22,284
Depreciation	<u>10,369</u>

TOTAL OPERATING EXPENSES **\$ 103,789**

Operating Profit (Loss) 78,820

NON-OPERATING INCOME (EXPENSE)

Interest Income	8,898
Gain on Investments	3,383
Interest Expense	(7,624)
Cost of Issuance - Bonds	(21,750)

Net Income (Loss) **61,727**

RETAINED EARNINGS, APRIL 1 553,865

RETAINED EARNINGS, MARCH 31 **\$ 615,592**

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF CASH FLOWS - WATER SUPPLY SYSTEM FUND

FISCAL YEAR ENDED MARCH 31, 2008

CASH FLOWS FROM (USED BY)

OPERATING ACTIVITIES

Net cash received from fees and services	\$ 179,246
Other operating revenues	5,456
Cash payments to employees for services	(46,636)
Cash payments to goods and services	(66,102)
Other operating expenses	-
	-

NET CASH FROM OPERATING ACTIVITIES	\$ 71,964
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NON CAPITAL AND FINANCING ACTIVITIES

Increase (decrease) in due to other funds	-
(Increase) decrease in due from other funds	-
Residual equity transfer in	-
Net operating transfers in (out)	-
	-

NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES	-
---	----------

CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(499,805)
Principal payment on long-term bonds	(30,000)
Interest paid on long-term bonds	(7,624)
Interest and tax expense	-
Proceeds from borrowings	648,275
Cost of bond issuance	(21,750)
	-

NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	89,096
--	---------------

INVESTING ACTIVITIES

Interest Income	8,898
Gain on Value of Investments	3,383
(Increase) Decrease in Investments	(9,560)
	-

NET CASH FROM INVESTING ACTIVITIES	\$ 2,721
---	-----------------

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	163,781
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Cash and Cash Equivalents, Beginning of Year	35,649
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Cash and Cash Equivalents, End of Year	\$ 199,430
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The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**STATEMENT OF CASH FLOWS - WATER SUPPLY SYSTEM FUND
(CONTINUED)**

FISCAL YEAR ENDED MARCH 31, 2008

**CASH FLOWS FROM OPERATING
ACTIVITIES**

Operating Income	\$ 78,820
Adjustment to reconcile operating income to net cash provided by operating activities:	
. Depreciation	10,369
. Provision for uncollectible accounts	
. Changes in assets and liabilities :	
(Increase) Decrease in accounts receivable	2,093
Increase (Decrease) in accounts payable	(19,318)
Increase (Decrease) in deferred revenue	-
Increase (Decrease) in customer deposits	-
	<hr/>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 71,964</u></u>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET - SEWER FUND*MARCH 31, 2008***ASSETS**

Cash and Deposits :

Restricted \$ -

Unrestricted 208,064

Accounts Receivable 5,443

Property, Plant and Equipment 2,889,868

Accumulated Depreciation (1,137,623)**TOTAL ASSETS** **\$ 1,965,752****LIABILITIES AND FUND EQUITY****LIABILITIES**Accounts Payable 756**TOTAL LIABILITIES** **756****FUND EQUITY**Retained Earnings 1,964,996**TOTAL FUND EQUITY** **1,964,996****TOTAL LIABILITIES AND FUND EQUITY** **\$ 1,965,752**

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
SEWER FUND**

FISCAL YEAR ENDED MARCH 31, 2008

OPERATING REVENUE

Charges for Services	\$ 138,688
Penalties and Late Fees	2,913
Other Income	<u>11,779</u>

TOTAL OPERATING REVENUE **\$ 153,380**

OPERATING EXPENSES

Salaries and Wages	10,719
Fringe Benefits	820
Office Supplies	654
Gas, Oil and Fuel	541
Repair and Maintenance	4,519
Iron River Surcharge	6,849
Purchased Services	17,980
Engineering Fees	4,993
Telephone	1,014
Utilities	5,213
Sewer Treatment :	
Contract Services - O&M	37,524
Contract Services - Debt Retirement	19,600
Depreciation	58,374
Miscellaneous	<u>13</u>

TOTAL OPERATING EXPENSES **\$ 168,813**

Operating Profit (Loss) (15,433)

NON-OPERATING INCOME

Interest Income 4,252

Net Income (Loss) (11,181)

RETAINED EARNINGS, APRIL 1 1,976,177

RETAINED EARNINGS, MARCH 31 \$ 1,964,996

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF CASH FLOWS - SEWER FUND

FISCAL YEAR ENDED MARCH 31, 2008

CASH FLOWS FROM (USED BY)

OPERATING ACTIVITIES

Net cash received from fees and services	\$ 136,197
Other operating revenues	14,692
Cash payments to employees for services	(11,539)
Cash payments to goods and services	(98,144)
Other operating expenses	-
	-

NET CASH FROM OPERATING ACTIVITIES	\$ 41,206
---	------------------

NON CAPITAL AND FINANCING ACTIVITIES

Increase (decrease) in due to other funds	-
(Increase) decrease in due from other funds	-
Net operating transfers in (out)	-
	-

NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES	\$ -
---	-------------

CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	-
Principal payment on long-term bonds	-
Interest paid on long-term bonds	-
Interest and tax expense	-
Proceeds from borrowings	-
Contributed capital grants	-
	-

NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ -
--	-------------

INVESTING ACTIVITIES

Interest Income	4,252
	4,252

NET CASH FROM INVESTING ACTIVITIES	\$ 4,252
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,458
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Cash and Cash Equivalents, Beginning of Year	162,606
	162,606

Cash and Cash Equivalents, End of Year	\$ 208,064
	208,064

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

**STATEMENT OF CASH FLOWS - SEWER FUND
(CONTINUED)**

FISCAL YEAR ENDED MARCH 31, 2008

**CASH FLOWS FROM OPERATING
ACTIVITIES**

Operating Income	\$ (15,433)
Adjustment to reconcile operating income to net cash provided by operating activities:	
. Depreciation	58,374
. Provision for uncollectible accounts	
. Changes in assets and liabilities :	
(Increase) Decrease in accounts receivable	(2,491)
Increase (Decrease) in accounts payable	756
Increase (Decrease) in deferred revenue	-
Increase (Decrease) in customer deposits	-
NET CASH FROM OPERATING ACTIVITIES	\$ 41,206

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - TRUST AND AGENCY FUND

FISCAL YEAR ENDED MARCH 31, 2006

	<u>Balance 3/31/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/2008</u>
<u>ASSETS</u>				
Cash	\$ 12,104	\$1,725,937	\$1,722,920	\$ 15,121
TOTAL ASSETS	<u>\$ 12,104</u>	<u>\$1,725,937</u>	<u>\$1,722,920</u>	<u>\$ 15,121</u>
<u>LIABILITIES</u>				
Due to Other Funds	2,630	161,806	159,432	5,004
Due to County	122	777,167	777,289	-
Due to Schools	141	625,633	625,774	-
Due to DIISD	15	92,505	92,520	-
Due to Library	10	57,957	57,967	-
Due to State	-	7,834	7,834	-
Due to Other	-	2,104	2,104	-
Undesignated CFR	9,186	931	-	10,117
TOTAL LIABILITIES	<u>\$ 12,104</u>	<u>\$1,725,937</u>	<u>\$1,722,920</u>	<u>\$ 15,121</u>

The notes to the financial statements are an integral part of this report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

DS Rostagno, CPA, P.C.

***101 West Maple Street, Iron River, MI 49935
Tel (906) 265-1040 Fax (906) 265-1042***

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Iron River Township
102 McNutt Road
Iron River, Michigan 49935

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Iron River Township**, Iron River, Michigan, as of and for the year ended March 31, 2008, which collectively comprise **Iron River Township**, Iron River, Michigan's basic financial statements, and have issued our report thereon dated September 08, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and with the standards prescribed by the State Treasurer.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Iron River Township**, Iron River, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing opinions on the effectiveness of **Iron River Township**, Iron River, Michigan's internal control over financial reporting. Accordingly, we do not express opinions on the effectiveness of **Iron River Township**, Iron River, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **Iron River Township**, Iron River, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of **Iron River Township**, Iron River, Michigan's financial statements that is more than inconsequential will not be prevented or detected by **Iron River Township**, Iron River, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by **Iron River Township**, Iron River, Michigan's internal control.

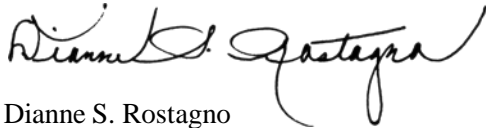
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Iron River Township**, Iron River, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of **Iron River Township**, Iron River, Michigan, in a separate letter dated September 08, 2008.

This report is intended solely for the information and use of management, the Governing Board, and federal awarding agencies and pass-through entities, and it is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with a large, stylized "R" and "S".

Dianne S. Rostagno
DS ROSTAGNO, CPA, P.C.

September 08, 2008